

# **TOWN OF NANTUCKET**

## **FY 2009 General Fund Budget Status**

Board of Selectmen's  
Meeting – Feb 13, 2008



# FY 09 General Fund Budget Overview Summary

- FY 2009 Projected Revenue = \$73,480,701
- FY 2009 Projected Expenses = \$73,234,935
- Net/(Gap) = \$245,766

*\*carry forward budget (no new expenses; no adjustments for contractual or other expense increases; no new personnel)*

# Total Revenue & Expenditures change since prior presentation

Totals	2008 budget	2009 <i>Projection As of 12.19.07:</i>	2009 <i>Projection As of 02.13.08</i>	<i>Change in projection</i>
Revenue & other sources	72,505,891	73,922,000	73,480,701	(441,299)
Expenditures & other uses	72,505,891	** 74,034,000	**73,234,935	***799,065
Net/(gap)	0	(112,000)	245,766	357,766
**without any “increase requests” ***Carry-forward salary projections refined since 12.09.07 which resulted in lower overall expenditures.				

# Developments since early December

- Economic news: real estate sales have slowed, building permits have slowed (may see effects in assessed value, new growth, and local revenue)
- Reduced revenue projection for FY 2008 and FY 2009 as a result of actual figures
- Other uncertainties: state revenue for 2008 and 2009 may not be as much as projected
- Retail sales for January were the worst in almost four decades: high gas, heating, and food prices, a slumping housing market, tighter credit and a tougher job market causing consumers to tighten belts

## Net Budget Increases Town and School

- Town = \$1,510,424
  - School = \$1,231,121
  - GASB 45 = \$ 500,000
  - TOTAL = \$3,241,545
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- This represents the cost of utility increases / additional needs / services / goals identified by Department Heads and previously recommended for funding in FY 2009. Note that funding for these increases would have to be approved through the override process.

# Contents of early recommended budget increases, Town Departments

- Various contractual increases, including legal, professional services
- Worn-out vehicle & equipment replacements
- Maintenance & repair needs for various Bldgs, including Atheneum, Town buildings, DPW, and Parks & Recreation
- Expense increases, including Gasoline, Travel, Utilities, Supplies, and Elections
- Infrastructure improvements, including roadways
- New position requests in key departments, including Police Dept and Town Administration

## FY 08 General Fund Budget vs. Proposed FY 09 General Fund Budget

- FY 2008 Total Municipal Budget = \$72,505,891
- FY 2009 Carry Forward Municipal Budget = \$73,234,935
- 1.0% increase
- FY 2009 Proposed Municipal Budget as of 02/13/08 = \$76,476,480
- 5.5% increase
- Requires additional funding in the amount of \$2,995,779

# How can a budgetary gap be addressed under Mass General Law?

- Options include:
  - Voter approval for additional revenue needed (proposition 2.5 override vote)
  - Eliminate/reduce proposed budget changes where discretionary
  - Reduce operating expense and personnel budgets, where discretionary
  - Reduce funding in areas not immediately related to essential Town services



# FY 09 Balanced Budget strategies

- **Economic climate does not support an Operating Override, therefore reductions are needed:**
  - Town = (\$1,264,658)
    - Eliminate Specific Programs
    - Reduce Dept Operating Expense
    - Reduce Approved Expense Increase Reductions (EIR's)
    - Reduce Amount Designated for the Reserve Fund
  - School = (\$1,231,121)
    - To Be Determined by School Committee
  - GASB 45 = (\$500,000)

# NEXT STEPS

- Finance Committee, School Committee, and Board of Selectmen continue to review budget
- Finance Committee currently scheduled to adopt budget recommendations by February 21, 2008
- Development of 5-year General Fund expense projections continues